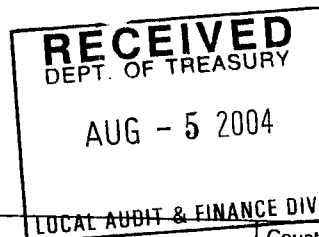


**BROOKFIELD TOWNSHIP**  
**HURON COUNTY**  
Owendale, Michigan

Report on Financial Statements  
(with additional information)  
Year Ended March 31, 2004

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.



Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name BROOKFIELD TOWNSHIP		County HURON
Audit Date 3-31-2004	Opinion Date 7-20-2004	Date Accountant Report Submitted to State: 8-9-2004		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGR).			X

Certified Public Accountant (Firm Name) ANDERSON, TUCKER, BERNHARDT & O'DRAN, P.C.			
Street Address 715 E FRANK STREET	City CARO	State MI	ZIP 48723
Accountant Signature [Signature] CPA			

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# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

July 20, 2004

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Brookfield Township, Huron County, Michigan  
Owendale, Michigan 48754

We have audited the accompanying general-purpose financial statements of the Township of Brookfield as of March 31, 2004 and for the year then ended. These general-purpose financial statements are the responsibility of Brookfield Township management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Brookfield, as of March 31, 2004, and the results of its operations and its cash flows for its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Brookfield Township. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

## **General Purpose Financial Statements**

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**COMBINED BALANCE SHEET -**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
March 31, 2004

**GOVERNMENTAL FUND  
TYPES**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
<b><u>ASSETS</u></b>			
Cash	\$ 110,727	\$ 53,787	\$ 16,108
Taxes receivable			
Due from other funds	26,203	1,265	85,922
Fixed assets			
Amount available and to be provided for payment of long-term debt			
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 136,930</u></b>	<b><u>\$ 55,052</u></b>	<b><u>\$ 102,030</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b>LIABILITIES:</b>			
Accounts payable			
Due to other funds	\$ 82,104	\$ 9,848	
Due to other governmental units	-	-	
Notes payable			
USDA note agreement payable			
General obligation bonds payable			
<b>TOTAL LIABILITIES</b>	<b><u>82,104</u></b>	<b><u>9,848</u></b>	<b><u>-</u></b>
<b>FUND EQUITY:</b>			
Investment in general fixed assets			
Fund Balance			
Designated			\$ 102,030
Undesignated	54,826	45,204	
<b>TOTAL FUND EQUITY</b>	<b><u>54,826</u></b>	<b><u>45,204</u></b>	<b><u>102,030</u></b>
<b><u>TOTAL LIABILITIES &amp; FUND EQUITY</u></b>	<b><u>\$ 136,930</u></b>	<b><u>\$ 55,052</u></b>	<b><u>\$ 102,030</u></b>

The accompanying notes are an integral part of the financial statements.

<u>FIDUCIARY</u>	<u>ACCOUNT GROUPS</u>		
<u>TRUST AND AGENCY</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG TERM DEBT</u>	<u>TOTAL (MEMORANDUM)</u>
\$ 14,890			\$ 195,512
31,614			31,614
	\$ 326,581		113,390
			326,581
		\$ 205,000	-
			205,000
<u>\$ 46,504</u>	<u>\$ 326,581</u>	<u>\$ 205,000</u>	<u>\$ 872,097</u>
\$ 21,438			\$ -
25,066			\$ 113,390
		\$ 130,000	-
		75,000	25,066
			130,000
			75,000
<u>46,504</u>	<u>-</u>	<u>205,000</u>	<u>343,456</u>
	\$ 326,581		326,581
			-
			102,030
			100,030
<u>-</u>	<u>326,581</u>	<u>-</u>	<u>528,641</u>
<u>\$ 46,504</u>	<u>\$ 326,581</u>	<u>\$ 205,000</u>	<u>\$ 872,097</u>

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES**  
**YEAR ENDED MARCH 31, 2004**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL (MEMORANDUM)</u>
REVENUE:				
Taxes	\$ 32,422	\$ 28,015	\$ 84,659	\$ 145,096
Licenses & permits	165			165
Intergovernmental revenue	86,352			86,352
Other revenue	574			574
Charges for services		7,200		7,200
Miscellaneous		77	122	199
TOTAL REVENUE	<u>119,513</u>	<u>35,292</u>	<u>84,781</u>	<u>239,586</u>
EXPENDITURES:				
Legislative	1,915			1,915
Executive	8,001			8,001
Clerk	7,134			7,134
Board of Review	601			601
Treasurer	8,916			8,916
Township hall & grounds	11,483			11,483
Zoning board	267			267
Highways, streets, & bridges	84,175			84,175
Drain at large	9,840			9,840
Elections	804			804
Public safety		229,005		229,005
Parks and cultural	1,000			1,000
Bond principal/interest			1,856	1,856
TOTAL EXPENDITURES	<u>134,136</u>	<u>229,005</u>	<u>1,856</u>	<u>364,997</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(14,623)</u>	<u>(193,713)</u>	<u>82,925</u>	<u>(125,411)</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds - USDA		130,000		130,000
USDA grant		30,000		30,000
FEMA grant		42,181		42,181
TOTAL OTHER FINANCING SOURCES (USES):		<u>202,181</u>		<u>202,181</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	<u>(14,623)</u>	<u>8,468</u>	<u>82,925</u>	<u>76,770</u>
FUND BALANCE - BEGINNING OF YEAR	<u>69,449</u>	<u>36,736</u>	<u>19,105</u>	<u>125,290</u>
FUND BALANCE - END OF YEAR	<u>\$ 54,826</u>	<u>\$ 45,204</u>	<u>\$ 102,030</u>	<u>\$ 202,060</u>

The accompanying notes are an integral part of the financial statements.



**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS)**  
**AND ACTUAL GENERAL AND SPECIAL REVENUE FUND TYPES**  
**YEAR ENDED MARCH 31, 2004**

	<b>GENERAL FUND</b>		
	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE- FAVORABLE (UNFAVORABLE)</b>
<b>REVENUE:</b>			
Taxes	\$ 32,531	\$ 32,422	\$ (109)
Licenses & permits	-	165	165
Intergovernmental revenue	38,400	86,352	47,952
Charges for services		-	-
Interest		464	464
Miscellaneous		110	110
<b>TOTAL REVENUE</b>	<b>70,931</b>	<b>119,513</b>	<b>48,582</b>
<b>EXPENDITURES:</b>			
Legislative	2,050	1,915	135
Executive	8,000	8,001	(1)
Clerk	6,550	7,134	(584)
Board of Review	525	601	(76)
Treasurer	7,020	8,916	(1,896)
Township hall & grounds	4,816	11,483	(6,667)
Zoning board	415	267	148
Highway, streets & bridges	-	84,175	(84,175)
Drain at large	10,000	9,840	160
Elections	500	804	(304)
Public safety			-
Parks and cultural	500	1,000	(500)
Bonds principal/interest			-
<b>TOTAL EXPENDITURES</b>	<b>40,376</b>	<b>134,136</b>	<b>(93,760)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>30,555</b>	<b>(14,623)</b>	<b>(45,178)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES</b>			
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>69,449</b>	<b>69,449</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 100,004</b>	<b>\$ 54,826</b>	<b>\$ (45,178)</b>

The accompanying notes are an integral part of the financial statements.

SPECIAL REVENUE FUND			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 31,135	\$ 28,015	\$ (3,120)	\$ 63,666	\$ 60,437	\$ (3,229)
		-	-	165	165
		-	38,400	86,352	47,952
	7,200	7,200	-	7,200	7,200
	77	77	-	541	541
		-	-	110	110
31,135	35,292	4,157	102,066	154,805	52,739
		-	2,050	1,915	135
		-	8,000	8,001	(1)
		-	6,550	7,134	(584)
		-	525	601	(76)
		-	7,020	8,916	(1,896)
		-	4,816	11,483	(6,667)
		-	415	267	148
		-	-	84,175	(84,175)
		-	10,000	9,840	160
		-	500	804	(304)
31,135	229,005	(197,870)	31,135	229,005	(197,870)
		-	500	1,000	(500)
		-	-	-	-
31,135	229,005	(197,870)	71,511	363,141	(291,630)
-	(193,713)	(193,713)	30,555	(208,336)	(238,891)
	202,181			202,181	
-	8,468	8,468	-	8,468	8,468
36,736	36,736	-	106,185	106,185	-
<u>\$ 36,736</u>	<u>\$ 45,204</u>	<u>\$ (185,245)</u>	<u>\$ 136,740</u>	<u>\$ 108,498</u>	<u>\$ (230,423)</u>

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES:**

The Township covers an area of approximately 36 square miles within Huron County. The township operates under an elected Board and provides services to its more than 2,700 residents in many areas including law enforcement, administration of justice, community enrichment, development and human services.

The financial statements of Brookfield Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. REPORTING ENTITY:**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, the Financial Reporting Entity.

Based upon the application of these criteria, the general purpose financial statements of Brookfield Township contain all the funds and account groups controlled by the Township's Board of Trustees as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

**B. FUND ACCOUNTING:**

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

Account groups are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**C. BASIS OF ACCOUNTING:**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increased (i.e. revenues) and decreases (i.e. expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after yearend. A one year availability period is used to revenue recognition for all other governmental fund revenues susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, federal and state grants, special assessments, licenses, interest revenue and charges for services. Fines, permits and sales tax and other state revenues are not susceptible to accrual because generally they are not measurable until received in cash.

**D. BUDGETS AND BUDGETARY ACCOUNTING:**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

**E. CASH AND INVESTMENTS:**

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**G. RECEIVABLES:**

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

**H. RESTRICTED ASSETS:**

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

**I. FIXED ASSETS:**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued to cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds and accordingly, are included on their balance sheet.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed asset account group.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed over the estimated useful lives using the straight-line method.

**J. LONG-TERM OBLIGATIONS:**

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**K. FUND EQUITY:**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use within the Township. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

**L. INTERFUND TRANSACTIONS:**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**M. MEMORANDUM ONLY - TOTAL COLUMNS:**

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Prior year memorandum total amounts have been updated for comparative purposes.

**NOTE 2 - HURON COUNTY ROAD IMPROVEMENT BONDS:**

The bonds are dated August 1, 1993 with interest at 4.95% paid semi-annually.

**ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT**

**MARCH 31, 2004  
(PRINCIPAL ONLY)**

**Year Ending March 31,**

2004	<u>\$75,000</u>
TOTAL	\$75,000

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 3 – USDA NOTE AGREEMENT – FIRE TRUCK:**

The note agreement is dated October 28, 2003 with interest at 4.25% paid semi-annually.

**ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT**

**MARCH 31, 2004**  
**(PRINCIPAL ONLY)**

**Year Ending March 31,**

2004	\$ 5,000
2005	5,000
2006	7,500
2007	7,500
2008	7,500
2009	7,500
2010	10,000
2011	10,000
2012	10,000
2013	10,000
2014	10,000
2015	10,000
2016	10,000
2017	10,000
2018	<u>12,500</u>
<b>TOTAL</b>	<b>\$130,000</b>

**NOTE 4 - CHANGES IN GENERAL FIXED ASSETS:**

A summary of changes in general fixed assets follows:

	<b><u>BALANCE</u></b> <b><u>MARCH 31,</u></b> <b><u>2003</u></b>	<b><u>ADDITIONS</u></b>	<b><u>REDUCTIONS</u></b>	<b><u>BALANCE</u></b> <b><u>MARCH 31,</u></b> <b><u>2004</u></b>
Land & buildings – ½ township share	\$ 41,275			\$ 41,275
Fire trucks	82,530	\$155,286	\$41,265	196,551
Fire equipment	26,768			26,768
Five acre landfill	5,000			5,000
Furniture & fixtures	<u>10,119</u>	<u>46,868</u>	<u>          </u>	<u>56,987</u>
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$165,692</b>	<b>\$202,154</b>	<b>\$41,265</b>	<b>\$326,581</b>

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 5 - DEPOSITS AND INVESTMENTS:**

Deposits are carried at cost. Deposits of the Township are at banks in the name of the Township Treasurer.

The Governmental Accounting Standards Board Statements No. 3 risk disclosures for cash deposits are as follows:

**DEPOSITS:**

At year-end, the carrying amount of the Township's deposits was \$195,512 and the bank balance was \$195,918, \$184,785 of which was covered by federal depository insurance. Michigan law does not require collateralization of government deposits. All of the Township's funds were in accordance with Michigan Compiled Laws, Section 129.91 and were invested in local banks.

**INVESTMENTS:**

State statutes and Township policy authorize the Township to invest in obligations of the United States, or agencies and instrumentalities of the U.S. commercial paper rated at the time of purchase within the top two classifications by at least two of the four rating agencies, certificates of deposits, repurchase agreements, banker's acceptance, and mutual funds.

The Township's investments are categorized to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's or by its trust department but not in the Township's name. At March 31, 2004, the Township had no Category 2 or 3 investments.

The Township's cash and cash equivalents at March 31, 2004 are composed of the following:

	<b>CASH &amp; CASH EQUIVALENTS</b>
GENERAL FUND:	
Deposits	\$110,727
Other Funds:	
Deposits	<u>84,785</u>
TOTAL	\$195,512

**NOTE 6 - PENSION PLAN - DEFINED CONTRIBUTION PLAN:**

**PLAN DESCRIPTION:**

The township made a contribution to an IRA/SEP pension plan covering all elected officials who choose to belong to the plan. During the most recent plan year, the township's actual contribution amounted to \$2,730. The plan is funded through the Farm Bureau Life Insurance Company.



**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 7 - LEGAL COMPLIANCE - BUDGETS:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to April 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

During the year ended March 31, 2004, the following expenditures were in excess of the amounts appropriated:

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
General Fund:			
Township Hall	\$4,816	\$11,483	\$6,667
Highways & streets	NONE	84,175	84,175
Fire Fund:			
Capital Outlay	NONE	202,154	202,154

**NOTE 8 - PROPERTY TAX REVENUE:**

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year which includes the December 1 levy date. The Township levied a general millage of \$32,422, a fire millage of \$28,015 and a Debt Retirement levy of \$84,659.

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 9 – RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above described activities. For insured programs, there have been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## Financial Statements of Individual Funds

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN**  
**FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE</b>			
Taxes:			
Current property tax	\$ 32,531	\$ 32,422	\$ (109)
Licenses & permits		165	165
Intergovernmental revenue:			
Sales tax	38,400	86,352	47,952
Other revenues:			
Interest		464	464
Miscellaneous		110	110
Total other revenues	-	574	110
<b>TOTAL REVENUE</b>	<u>70,931</u>	<u>119,513</u>	<u>48,118</u>
<b>EXPENDITURES</b>			
Legislative:			
Salaries & wages - township board		1,801	
Miscellaneous		114	
Total Legislative	<u>2,050</u>	<u>1,915</u>	<u>135</u>
Executive:			
Salaries and wages		7,506	
Office supplies & expenses		495	
Total Executive	<u>8,000</u>	<u>8,001</u>	<u>(1)</u>
Clerk:			
Salaries & wages		4,503	
Office supplies & expenses		2,415	
Printing and publishing		216	
Total Clerk	<u>6,550</u>	<u>7,134</u>	<u>(584)</u>
Board of Review:			
Salaries & wages		525	
Office supplies & expenses		76	
Total Board of Review	<u>525</u>	<u>601</u>	<u>(76)</u>

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN**  
**FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES: (Continued)			
Treasurer:			
Salaries & wages		\$ 4,703	
Office supplies & expenses		1,374	
Printing & publishing		363	
Tax statement preparation		2,476	
Miscellaneous		-	
Total Treasurer	<u>\$ 7,020</u>	<u>8,916</u>	<u>\$ (1,896)</u>
Township Hall & Grounds:			
FICA		1,218	
Operating supplies		101	
Insurance		6,015	
Repairs & maintenance		35	
Capital outlay		2,250	
Interest		319	
Utilities		1,545	
Total Township Hall & Grounds	<u>4,816</u>	<u>11,483</u>	<u>(6,667)</u>
Zoning Board	<u>415</u>	<u>267</u>	<u>148</u>
Highway, Streets & Bridges:			
Road construction/Maintenance		84,175	(84,175)
Drain at Large	<u>10,000</u>	<u>9,840</u>	<u>160</u>
Elections:			
Salaries & wages		320	
Office supplies & expenses		196	
Printing and publishing		288	
Total elections	<u>500</u>	<u>804</u>	<u>(304)</u>
Parks and Cultural:			
Supplies		500	
Drug enforcement		500	
Total Parks and Cultural	<u>500</u>	<u>1,000</u>	<u>(500)</u>
TOTAL EXPENDITURES	<u>40,376</u>	<u>134,136</u>	<u>(93,760)</u>

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN**  
**FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 30,555	\$ (14,623)	\$ (45,642)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER USES	<u>30,555</u>	<u>(14,623)</u>	<u>(45,642)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>69,449</u>	<u>69,449</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 100,004</u>	<u>\$ 54,826</u>	<u>\$ (45,642)</u>

See the accompanying notes.

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**SPECIAL REVENUE - FIRE FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN**  
**FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Current property tax		\$ 28,015	
Fire calls		4,175	
Standby fee		3,025	
Interest		77	
		<u>          </u>	<u>          </u>
TOTAL REVENUE	<u>\$ 31,135</u>	<u>35,292</u>	<u>\$ 4,157</u>
EXPENDITURES:			
Salaries		3,696	
Telephone		416	
Repairs and maintenance		5,815	
Insurance		11,709	
Supplies		665	
Utilities		1,086	
Capital outlay		202,154	
Miscellaneous		3,464	
		<u>          </u>	<u>          </u>
TOTAL EXPENDITURES	<u>31,135</u>	<u>229,005</u>	<u>(197,870)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>(193,713)</u>	<u>(193,713)</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds - USDA		130,000	
USDA grant		30,000	
FEMA grant		42,181	
		<u>          </u>	<u>          </u>
TOTAL OTHER FINANCING SOURCES (USES):	<u>-</u>	<u>202,181</u>	<u>202,181</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	<u>-</u>	<u>8,468</u>	<u>8,468</u>
FUND BALANCE - BEGINNING OF YEAR	<u>36,736</u>	<u>36,736</u>	<u>          </u>
FUND BALANCE - END OF YEAR	<u>\$ 36,736</u>	<u>\$ 45,204</u>	<u>\$ 8,468</u>

See the accompanying notes.

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**DEBT SERVICE FUND - ROAD BONDS**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN**  
**FUND BALANCE**  
**YEAR ENDED MARCH 31, 2004**

	<u>ACTUAL</u>
REVENUES:	
Property taxes	\$ 84,659
Interest	<u>122</u>
TOTAL REVENUE	<u>84,781</u>
EXPENDITURES:	
Bond principle	
Bond interest	<u>1,856</u>
TOTAL EXPENDITURES	1,856
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>82,925</u>
OTHER FINANCING SOURCES (USES):	
Operating transfers in	
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	<u>82,925</u>
FUND BALANCE - BEGINNING OF YEAR	<u>19,105</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 102,030</u></u>

See the accompanying notes.



**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**SCHEDULE OF CHANGES IN ASSETS & LIABILITIES -**  
**CURRENT TAX COLLECTION FUND**  
**YEAR ENDED MARCH 31, 2004**

	<u>BALANCE</u> <u>03/31/03</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>03/31/04</u>
<b>ASSETS</b>				
Cash in bank	\$ 121,649	\$ 748,054	\$ 854,813	\$ 14,890
Taxes receivable	<u>-</u>	<u>31,614</u>	<u>-</u>	<u>31,614</u>
<b>TOTAL ASSETS</b>	<u>\$ 121,649</u>	<u>\$ 779,668</u>	<u>\$ 854,813</u>	<u>\$ 46,504</u>
<b>LIABILITIES</b>				
Due to general fund	\$ 1,633	\$ 1,633	\$ 16,355	\$ 16,355
Due to special revenue fund	1,402	1,402	1,265	1,265
Due to debt service fund	425	425	3,818	3,818
Due to other governmental units	<u>118,189</u>	<u>851,353</u>	<u>758,230</u>	<u>25,066</u>
<b>TOTAL ASSETS</b>	<u>\$ 121,649</u>	<u>\$ 854,813</u>	<u>\$ 779,668</u>	<u>\$ 46,504</u>

See the accompanying notes.

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**SCHEDULE OF HURON COUNTY D.P.W. GENERAL OBLIGATION BONDS**  
**WATER DEBT FUND**  
**YEAR ENDED MARCH 31, 2004**

<u>FISCAL YEAR BEGINNING APRIL 1</u>	<u>PRINCIPAL DUE MAY 1</u>	<u>INTEREST RATE</u>	<u>INTEREST DUE APRIL 1</u>	<u>INTEREST DUE OCT. 1</u>	<u>TOTAL</u>
2004	\$ 75,000	4.95%	\$ 1,856		\$ 76,856
<b>TOTALS</b>	<u><u>\$ 75,000</u></u>		<u><u>\$ 1,856</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 76,856</u></u>

The Huron County D.P.W. General Obligation Bonds were issued under the authority of Act 185, Public Acts of Michigan, 1957 as amended. The bond proceeds were used for road construction and were originally issued in the amount of \$650,000. The principal payment due May 1, 2004 of \$ 75,000 and the interest due April 1, 2004 of \$ 1,856 were paid April 1, 2004.

See the accompanying notes.

**BROOKFIELD TOWNSHIP, HURON COUNTY**  
**SCHEDULE OF USDA NOTE AGREEMENT**  
**FIRE FUND**  
**YEAR ENDED MARCH 31, 2004**

<b>FISCAL YEAR BEGINNING APRIL 1</b>	<b>PRINCIPAL DUE OCTOBER 1</b>	<b>INTEREST RATE</b>	<b>INTEREST DUE APRIL 1</b>	<b>INTEREST DUE OCTOBER 1</b>	<b>TOTAL</b>
2004	\$ 5,000	4.25%	\$ 2,346	\$ 2,763	\$ 10,109
2005	5,000	4.25%	2,656	2,657	10,313
2006	5,000	4.25%	2,550	2,550	10,100
2007	7,500	4.25%	2,444	2,444	12,388
2008	7,500	4.25%	2,284	2,285	12,069
2009 - 2013	47,500	4.25%			47,500
2014 - 2018	52,500	4.25%			52,500
<b>TOTALS</b>	<b>\$ 130,000</b>		<b>\$ 12,280</b>	<b>\$ 12,699</b>	<b>\$ 154,979</b>

The USDA Note Agreement was issued under the authority of Act 99, Public Acts of Michigan, 1933 as amended. The note proceeds were used to purchase a Fire Truck and was originally issued in the amount of \$130,000. The first interest payment is due April 1, 2004 and is due semi-annually thereafter. The first principal payment of \$5,000 is due October 1, 2004, with payments due annually thereafter.

See the accompanying notes.